

Long Term Disability Annual Report

2013-14

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Where ideas work



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Message from the Trustee

The performance of the Long Term Disability (LTD) plan has benefitted from innovations and active case management this year. These efforts contribute to the long term stability (viability) of the fund and offset the inherent risks the plan is facing such as our aging population and rising prevalence of chronic disease. Consistent efforts in illness and injury prevention, support for individuals with health issues in the workplace and assistance for employees returning to the workplace have been effective in reducing new claims by nine per cent and increasing the total number of resolved claims by 9.7 per cent. These outcomes are particularly notable during a time when the insurance industry is reporting claim rates are on the rise.

In addition to our ongoing efforts to reduce total overall claims we are pleased to share the initial results of a new pilot program focused on assisting individuals on prolonged long term disability claims return to work after a lengthy absence. In partnership with our LTD plan carrier Great-West Life Assurance Company, we have implemented an enhanced pilot program for employees who have been on a disability claim for more than three years. This program involves collaboration with employees, utilizing a variety of therapeutic and coaching techniques, to increase their work capacity with the ultimate goal of achieving employability.

In this inaugural period we have experienced some very positive return to employability outcomes. In addition to employees regaining their confidence and employability, the employer retains a skilled worker. To date the pilot has successfully assisted five individuals in becoming job ready at a cost of \$25,000 in vocational rehabilitation services and an estimated savings of over \$2,155,000 had they remained on long term disability until retirement.

These results are a reminder of the sizable impact that a workforce focused on early intervention, rehabilitation and modified return to work opportunities can have for disabled employees and workforce operating efficiency.

As a reflection of the continuous efforts of the Workplace Health and Safety team over the past year, I am pleased to provide you with this 2013/14 LTD Annual Report.



Lynda Tarras, Head of the BC Public Service Agency

The Long Term Disability Plan

The Long Term Disability (LTD) Plan provides members with income continuation in the event that an eligible employee becomes totally disabled due to illness or injury for a period of time greater than six months.

The members of the plan consist of BC Public Service employees and various Crown Corporations, Agencies, Boards and Commissions as listed on page 11. As of March 31, 2014 there were approximately 33,270 members covered by the plan. This is a decrease of 230 members from March 31, 2013.

The LTD plan is 100 per cent funded by the participating employers. While the landscape in Canada is changing with respect to the ability to self-insure LTD plans, the BC Public Service Agency adopted practices to minimize risks, including continuous funding, optimizing investment returns, establishing funding and rate-setting policies, and signing participation agreements with all participating employers.

GOVERNANCE

Member's LTD benefits are established under the Public Service Benefits Plan Act and the Long Term Disability Plan Regulation. The Regulation sets out which employees are covered by the LTD plan, the eligibility criteria for receipt of plan benefits, the participating employer's rate, and other provisions related to the administration of LTD benefits. The plan structure attributes disability costs to each participating employer or group of participating employers.

In keeping with the BC Public Service Agency's commitment to accountability and transparency, the plan trustee also relies on a number of policies to govern the plan. These policies include, but are not limited to:

- **LTD Fund Investment Policy:** provides BC Investment Management Corporation guidelines, policies, and direction for the investment and administration of the fund and sets performance objectives and other criteria to be used to review and evaluate the investment results.
- **LTD Plan Funding and Rate Setting Policy:** establishes the funding objectives and guidelines to adequately fund, as assessed by the actuarial valuation, all payment obligations and set future rates that minimize large variations in contribution rates from year to year, while ensuring adequate funding continues.
- **LTD Plan Authorities Delegation Matrix:** defines the level of financial and decision making authority for the trustee, plan administrator, and other stakeholders.

Discussion and Analysis

CLAIMS INFORMATION

Disabling medical conditions are grouped into 19 different diagnosis categories. Of the 453 new claims in fiscal year 2014, 30.9 per cent were mental disorders and 18.9 per cent were muscle, bone, joint and tendon conditions. These are a significant portion of claims; the breakdown of each of these conditions is illustrated below. Case management, rehabilitation and modified return to work options can shorten many of these types of claims and improve long term medical outcomes.

FIG 1: MENTAL DISORDERS

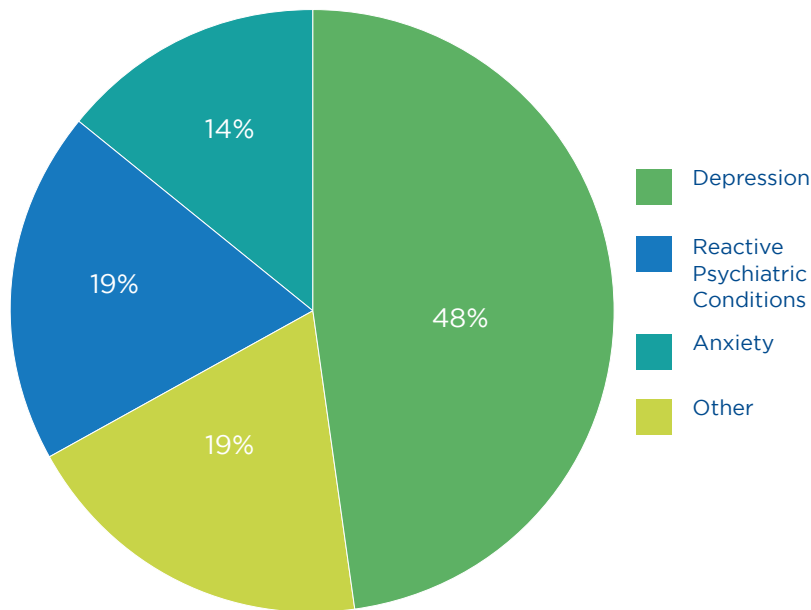
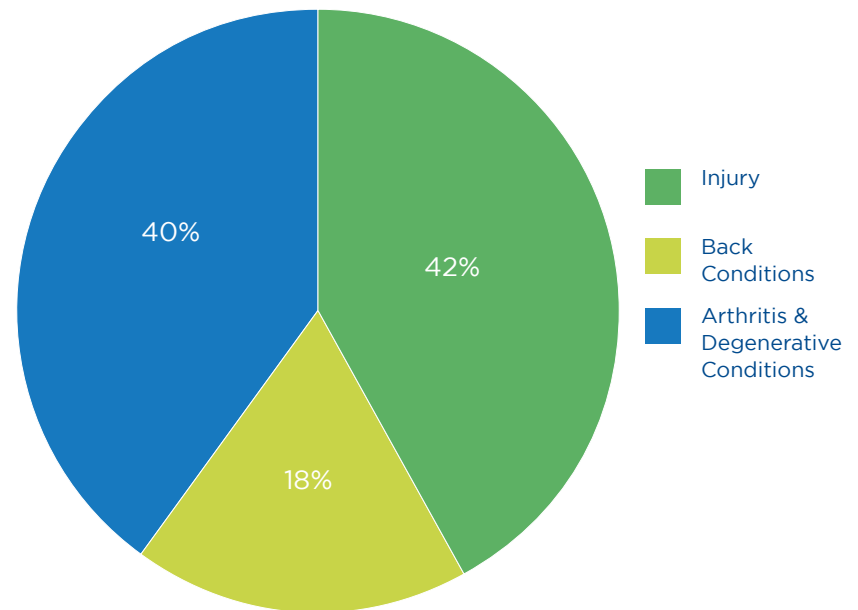


FIG 2: MUSCULOSKELETAL AND CONNECTIVE TISSUES



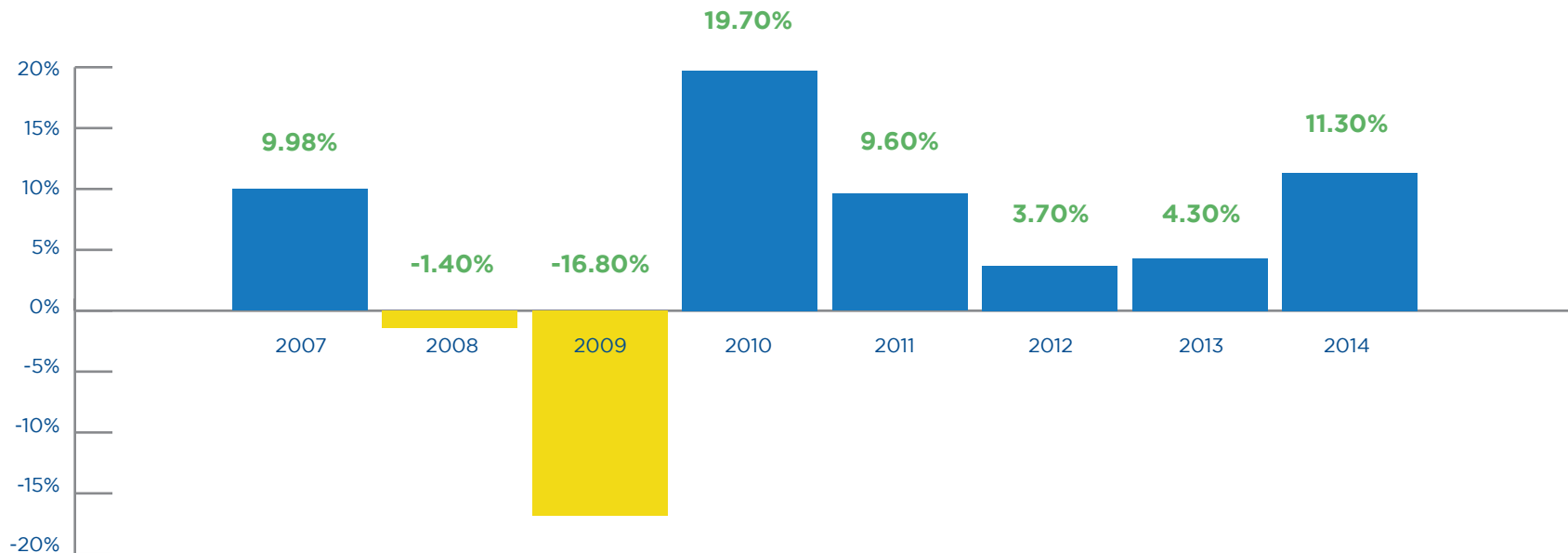
Discussion and Analysis

FINANCIAL

The funds are managed by the BC Investment Management Corporation, which is one of Canada's largest institutional fund managers. Their investment activities help to finance the LTD plan.

As the chart illustrates, due to variable economic conditions, the 5-year annual rate of return can fluctuate considerably from year to year. This is one of many considerations undertaken by Morneau Shepell when performing the full actuarial valuations twice a year.

FIG 3: 5-YEAR ANNUAL RATE OF RETURN



Note: Audited financial statements (statement of operations and changes in net financial position and statement of financial position) are available upon request.

Discussion and Analysis

PERFORMANCE

TABLE 1: PLAN PARTICIPATION AND COMPARISON

	2010/11	2011/12	2012/13	2013/14
Active claims as at April 1	1830	1839	1878	1944
Approved/re-opened claims	516	524	498	453
Resolved claims	507	485	432	474
Active claims as at March 31	1839	1878	1944	1923

The LTD plan approved or re-opened 453 claims in 2013/14. The overall participation rate decreased 1.08 per cent from March 31, 2013 to March 31, 2014.

Discussion and Analysis

SERVICE PROVIDER SCORECARD

Claims administration of the LTD plan is provided by the BC Public Service Agency's Workplace Health and Safety, in conjunction with claims adjudication and claims paying agent services that have been contracted from The Great-West Life Assurance Company. The service provider contract established in fiscal year 2013 with Great-West Life Assurance Company, contains new customer-centric services standards. The information below illustrates the continued efforts to meet these high standards and indicates how these goals were met in 2013/14.

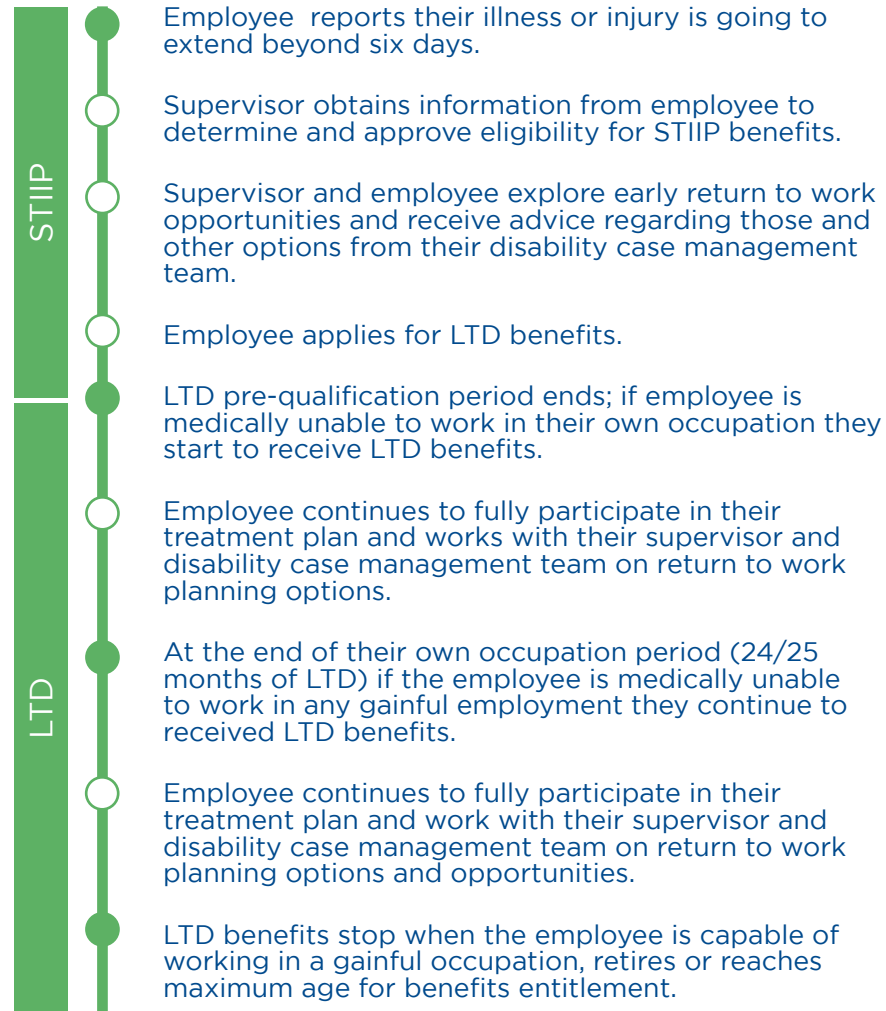
Service Standard	Goal	Achieved
Claim responsiveness: Will respond to requests within 14 days.	90% of the time	87% of the time
Claim responsiveness: Decisions will be communicated within 40 days of receiving a complete application.	90% of the time	100% of the time
Claims payment: Accurate and timely payment of monthly benefit within 30 days of eligibility.	90% of the time	97% of the time

In addition to challenging service standards we also measure effectiveness through annual audits. Below is an excerpt from the 2012/13 audit report indicating the success rate of two major indicators, overall claims management and financial claims management.

Audit Report	Goal	Achieved
Overall claims management: Accuracy, quality responsiveness and correct decision making confirmed through an audit of 10% of all claims.	90% of the time	96% of the time
Financial claims management: Accuracy and timeliness of LTD payments confirmed through an audit of 10% of all claims.	100% of the time	98.6% of the time

How the Plan Works

FIG 4: HOW THE PLAN WORKS



Testimonials

In conjunction with employees' managers and supervisors, all participating employers are required to actively engage in claims management activities to ensure an integrated approach to recovery, rehabilitation and return to work. While the titles of these roles may vary amongst the organizations the responsibilities remain the same. Below two BC Public Service employees share their experiences with the services provided by the BC Public Service Agency.

Now, I don't mean this to come out the wrong way, but I really hope I never need to use this service, being that ill or injured is not my preferred condition. That being said, I've got to admit that I find it comforting to know that my employer is as dedicated to my recovery from an illness or injury as I would be, under the circumstances. I like knowing that there is a team of professionals all working together with me and my manager to tailor a solution to my needs, all to help get me back in the proverbial saddle again.

I am not sure if I ever thanked you for your help with my return to work; I wanted to let you know what it meant to me. While I was on disability, I clearly wasn't doing well mentally or emotionally, but the nice folks at Workplace Health and Safety were always patient with me and in the end, they placed me in the best possible return to work trial.

My return to work has been and continues to be great. There are many wonderful people here, some very encouraging co-workers and I could not have asked for a better, more supportive manager. All of these things and everyone's help enabled a successful return to the workforce and for that I am very grateful. I am very fortunate to have this job and to have been able to join the team here, full time, once the trial concluded. - Thank you!

We would like to continue to share these success stories with all employers. If your organization has a recovery, return to work planning experience to share with us, we would love to hear from you.

Participating Employers

BC Excluded Employees' Association
BC Ferry Services Inc.
BC Innovation Council
BC Investment Management Corporation
BC Mental Health and Addiction Services
BC Oil and Gas Commission
BC Pension Corporation
BC Public Service regular employees
BC Securities Commission
BC Treaty Commission
BC Utilities Commission
Broadmead Care Society
Community Living BC
Conflict of Interest Commissioner
Constituency Assistants
Consumer Protection BC
Elections BC
Emergency Health Services Commission
First Peoples' Heritage, Language and Cultural Council
Forensic Psychiatric Services
Forest Practices Board

Freshwater Fisheries Society of BC
Government House
Habitat Conservation Trust Foundation
Information and Privacy Commissioner
Islands Trust Council
Judges and Masters of the Supreme Court of BC
Labour Relations Board/Chair/Associate Chair
Legislative Assembly
Liquor Distribution Branch
OBL Continuing Care Society
Office of the Auditor General of BC
Office of the Merit Commissioner
Office of the Ombudsperson
Partnerships BC
Police Complaint Commissioner
Professional Employees Association
Provincial Capital Commission
Representative for Children and Youth
Royal BC Museum
Transportation Investment Corporation
Workers' Compensation Appeal Tribunal

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